

CBO TESTIMONY

**Statement of
Dan L. Crippen
Director**

Projections of Medicare and Prescription Drug Spending

**before the
Committee on Finance
United States Senate**

March 7, 2002

*This document is embargoed until 11:00 a.m. (EST),
Thursday, March 7, 2002. The contents may not be
published, transmitted, or otherwise communicated
by any print, broadcast, or electronic media before
that time.*



**CONGRESSIONAL BUDGET OFFICE
SECOND AND D STREETS, S.W.
WASHINGTON, D.C. 20515**

TABLE 4. CBO'S BASELINE PROJECTIONS OF PRESCRIPTION DRUG SPENDING AND MEDICARE BENEFITS PER ENROLLEE, CALENDAR YEARS 2003-2012

	<u>Spending per Enrollee (Dollars)</u>		Average Annual Percentage Change, 2003-2012
	2003	2012	
Mean Drug Spending ^a	2,440	5,820	10.1
Median Drug Spending ^b	1,460	3,490	10.2
Medicare Benefits ^c	6,585	10,631	5.5
Memorandum:			
Gross Domestic Product per Capita	37,900	55,800	4.4

SOURCE: Congressional Budget Office.

- a. Total spending per enrollee on outpatient prescription drugs not currently covered under Medicare, regardless of payer. Numbers based on CBO's March 2002 projections.
- b. The median reflects the point at which half of all beneficiaries are projected to spend more than that amount and half are projected to spend less. Based on CBO's March 2002 projections.
- c. Medicare benefits per enrollee under the Hospital Insurance and Supplementary Medical Insurance programs. Based on CBO's March 2002 baseline projections.

TABLE 2.A. PERCENT DISTRIBUTION OF ENROLLEES AND DOLLARS BY AMOUNT SPENT ON OUTPATIENT PRESCRIPTION DRUGS

Year	For FFS Enrollees with Annual Spending:															
	= 0	>0	>500	>1000	>2000	>3000	>4000	>5000	>6000	>7000	>8000	>9000	>10000	>11000	>12000	
Percent Distribution of Medicare FFS Enrollees																
2002	10.3%	89.7%	70.1%	56.6%	35.6%	22.4%	13.7%	9.0%	6.0%	4.3%	3.2%	2.2%	1.6%	1.2%	0.9%	
2003	10.2%	89.8%	72.2%	58.5%	40.1%	26.4%	17.2%	11.4%	7.8%	5.7%	4.3%	3.3%	2.4%	1.8%	1.4%	
2004	10.2%	89.8%	73.8%	62.2%	44.2%	30.0%	20.8%	14.2%	10.2%	7.3%	5.5%	4.3%	3.4%	2.5%	1.9%	
2005	10.2%	89.8%	75.1%	64.4%	47.4%	33.7%	24.5%	17.3%	12.4%	9.3%	6.9%	5.5%	4.3%	3.4%	2.8%	
2006	10.2%	89.8%	76.1%	66.3%	50.4%	37.4%	27.5%	20.4%	15.0%	11.3%	8.7%	6.6%	5.4%	4.3%	3.6%	
2007	10.2%	89.8%	77.1%	68.0%	52.9%	40.5%	30.4%	23.5%	17.7%	13.3%	10.5%	8.2%	6.4%	5.4%	4.4%	
2008	10.2%	89.8%	77.8%	69.3%	55.3%	43.9%	33.6%	26.4%	20.5%	16.0%	12.4%	9.9%	7.8%	6.4%	5.4%	
2009	10.2%	89.8%	79.2%	70.9%	57.6%	46.7%	37.0%	29.3%	23.5%	18.4%	14.6%	11.8%	9.7%	7.8%	6.4%	
2010	10.1%	89.9%	79.9%	72.3%	59.6%	49.1%	40.0%	32.1%	26.3%	21.5%	17.2%	13.9%	11.4%	9.6%	7.8%	
2011	10.1%	89.9%	80.6%	73.6%	61.7%	51.6%	43.3%	35.3%	29.1%	24.2%	19.9%	16.4%	13.5%	11.3%	9.6%	
2012	10.1%	89.9%	81.3%	74.7%	63.5%	54.0%	46.0%	38.4%	31.9%	27.0%	22.8%	18.8%	15.9%	13.2%	11.3%	
Percent Distribution of Prescription Drug Spending for FFS Enrollees																
2002	0.0%	100.0%	97.8%	92.9%	77.7%	61.8%	47.1%	36.8%	28.9%	23.6%	19.4%	15.3%	12.7%	10.2%	8.4%	
2003	0.0%	100.0%	98.3%	94.2%	81.8%	67.3%	53.5%	42.4%	33.7%	28.0%	23.4%	19.7%	16.0%	13.3%	11.3%	
2004	0.0%	100.0%	98.6%	95.3%	85.1%	71.7%	59.4%	48.0%	39.5%	32.4%	27.4%	23.4%	20.1%	16.6%	14.0%	
2005	0.0%	100.0%	98.9%	96.1%	87.5%	75.8%	64.8%	53.7%	44.5%	37.6%	31.5%	27.2%	23.4%	20.2%	17.5%	
2006	0.0%	100.0%	99.0%	96.7%	89.4%	79.3%	68.7%	58.7%	49.5%	42.0%	36.1%	30.4%	26.9%	23.5%	20.7%	
2007	0.0%	100.0%	99.1%	97.2%	90.9%	82.1%	72.1%	63.3%	54.2%	46.2%	40.3%	34.6%	29.9%	26.8%	23.6%	
2008	0.0%	100.0%	99.3%	97.6%	92.2%	84.8%	75.6%	67.2%	58.8%	51.3%	44.4%	38.9%	33.7%	29.9%	27.0%	
2009	0.0%	100.0%	99.4%	98.3%	93.3%	87.0%	78.9%	70.8%	63.3%	55.5%	48.7%	43.0%	38.4%	33.6%	29.9%	
2010	0.0%	100.0%	99.5%	98.5%	94.2%	88.5%	81.7%	74.0%	67.1%	60.3%	53.4%	47.4%	42.3%	38.1%	33.6%	
2011	0.0%	100.0%	99.6%	98.6%	95.1%	90.1%	84.3%	77.2%	70.5%	64.3%	57.8%	52.1%	46.5%	41.9%	38.2%	
2012	0.0%	100.0%	99.6%	98.8%	95.7%	91.5%	86.4%	80.2%	73.7%	68.0%	62.2%	56.1%	51.1%	46.0%	42.0%	
Average Amount Spent on Prescription Drugs for FFS Enrollees (FFS \$ / FFS count)																
2002	0	2,272	2,847	3,349	4,450	5,634	7,015	8,349	9,809	11,077	12,386	14,103	15,736	17,883	20,207	
2003	0	2,578	3,152	3,665	4,722	5,905	7,201	8,586	10,043	11,322	12,608	14,394	15,966	17,313	18,965	
2004	0	2,899	3,479	3,990	5,015	6,221	7,424	8,808	10,133	11,571	12,880	14,162	15,425	17,127	18,829	
2005	0	3,231	3,819	4,333	5,356	6,518	7,669	8,994	10,378	11,677	13,142	14,419	15,749	17,096	18,466	
2006	0	3,570	4,169	4,675	5,686	6,806	7,999	9,225	10,581	11,954	13,252	14,812	15,995	17,334	18,595	
2007	0	3,919	4,529	5,032	6,050	7,130	8,348	9,490	10,813	12,224	13,477	14,931	16,409	17,896	18,941	
2008	0	4,297	4,922	5,432	6,436	7,465	8,676	9,832	11,079	12,391	13,802	15,131	16,637	18,001	19,171	
2009	0	4,703	5,306	5,840	6,849	7,862	9,018	10,217	11,379	12,729	14,092	15,440	16,709	18,244	19,643	
2010	0	5,141	5,753	6,282	7,300	8,331	9,421	10,640	11,775	12,976	14,341	15,727	17,074	18,332	19,900	
2011	0	5,614	6,235	6,757	7,775	8,805	9,834	11,045	12,231	13,380	14,679	15,973	17,414	18,747	19,987	
2012	0	6,132	6,754	7,282	8,312	9,333	10,356	11,508	12,732	13,865	15,056	16,426	17,687	19,145	20,436	

SOURCE: Congressional Budget Office (March 2002 baseline projections).

NOTES: This table shows enrollment and drug spending only for those in Medicare's fee-for-service sector. The enrollment measure used here is a count of those enrolled in HI &/or SMI at any time during the year (not a full-year equivalent count).